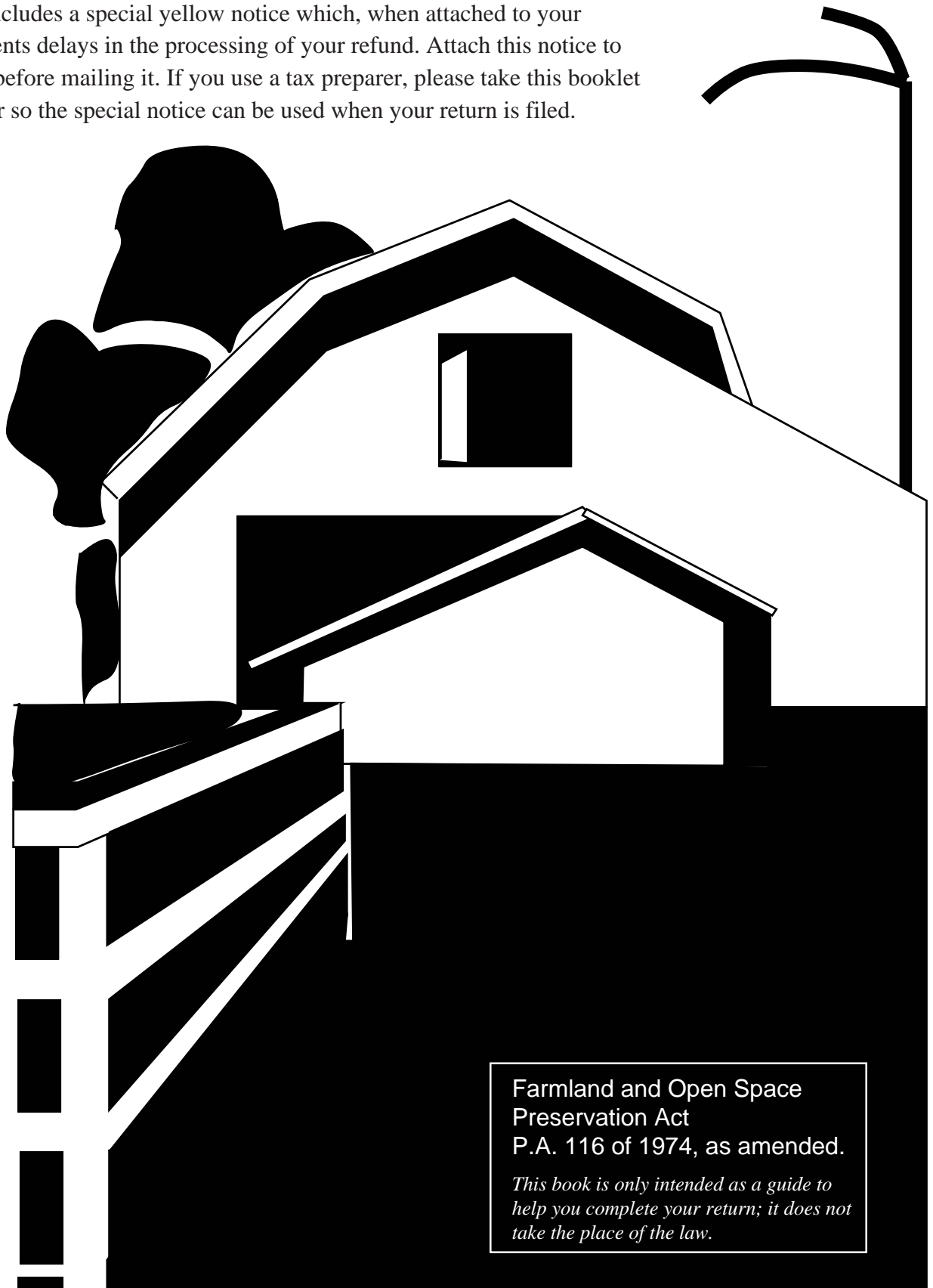


# 1999 MICHIGAN

## Farmland Preservation Tax Credit

### MI-1040CR-5

This book includes a special yellow notice which, when attached to your return, prevents delays in the processing of your refund. Attach this notice to your return before mailing it. If you use a tax preparer, please take this booklet to him or her so the special notice can be used when your return is filed.



Farmland and Open Space  
Preservation Act  
P.A. 116 of 1974, as amended.

*This book is only intended as a guide to  
help you complete your return; it does not  
take the place of the law.*

Visit our Treasury Web Site at:  
[www.treasury.state.mi.us](http://www.treasury.state.mi.us)



## For Help Call 1-800-487-7000



Call this number between 8 a.m. and 5 p.m., Monday-Friday, or 7 a.m. to 7 p.m. during the tax season (February-April) for answers to your questions about Michigan income tax and the Homestead Property Tax Credit. Information about your refund will not be given at this number (see below).

**Deaf, hearing or speech impaired persons** may call 517-373-9419 (TTY). Other persons calling this number will be directed to call our toll-free number.

## To Check on Your 1999 Refund Call 1-800-827-4000

Allow at least eight weeks for us to process your 1999 refund before calling the Computerized Refund Information System (CRIS). You must have the primary filer's Social Security number and adjusted gross income or household income to get refund information. This number operates 24 hours daily.

**New this year:** Estimated tax payments and prior year information are now available on CRIS. Please listen carefully to our new menu options.

## Where to Get Forms

- **Internet:** Forms are available on our web site at: [www.treasury.state.mi.us](http://www.treasury.state.mi.us)
- **Fax:** Dial **517-241-8730** from a fax phone to have 1999 Michigan tax forms sent to your fax machine 24 hours a day.
- **Phone:** Call **1-800-FORM-2-ME (367-6263)**. This toll-free line is available 24 hours a day.
- **Public Offices:** Forms are available at all Treasury field offices. Commonly used forms are also available at Michigan Secretary of State offices, post offices, financial institutions, and many libraries.

## File Early

*File your return early since it will be processed in the order received. Attach all the requested information to prevent delays in processing your refund.*

### Important points to remember:

- A *Michigan Income Tax Return* (form MI-1040) and a *Homestead Property Tax Credit Claim* (form MI-1040CR) must be completed and filed with your *Farmland Preservation Tax Credit Claim* (form MI-1040CR-5) even if you are not otherwise required to file these forms. File all forms and attachments at the same time.
- Deduct all special assessments, penalties, interest and other non-allowable charges from the property tax bills.
- Include your previous year's farmland preservation tax credit in federal adjusted gross income.
- Enter the most current agreement numbers on the MI-1040CR-5 and on the property tax statements. If agreements have been renewed, the agreement numbers have changed.



## When You Have Finished

Check for these **common errors** that can delay your refund:

- Using a label with incorrect information on the MI-1040 form or writing illegibly.
- Transposing numbers in the Social Security number.
- Failing to attach all applicable federal returns and schedules (U.S. 1040, 1065, 1120S, K-1, etc.).
- Entering figures on wrong lines.
- Computation errors.
- Failing to sign your return (both spouses must sign for joint returns).
- Failing to complete Part 2 of the MI-1040CR-5 according to instructions.
- **Failing to attach 1999 tax statements that show the taxable value and an itemized listing by millage rate of the property taxes levied.**

**Before you mail your return,** review it carefully and make sure it is complete.

Attach the yellow notice to the front of your MI-1040 and assemble your returns and attachments in the order shown on the back of the MI-1040CR-5 form.

# GENERAL INFORMATION

## What is the Farmland Preservation Credit?

The Farmland Preservation Credit gives back to farmland owners a share of the property tax they pay on their farmland. Farmland owners qualify for credit by agreeing to keep the land as farmland and not develop it for another use.

## Who qualifies for the Farmland Preservation Credit?

You qualify if you meet ALL of these requirements:

- You own farmland;
- You have entered into a Farmland Development Rights Agreement (FDRA) with the Michigan Department of Natural Resources (DNR); **AND**
- You are eligible to file a MI-1040.

## What is a Farmland Development Rights Agreement?

Through an FDRA you receive property tax relief in return for your pledge not to change the use of your lands.

**Caution:** The FDRA restricts development of your land. Before making any changes to property covered under this agreement or to its ownership, consult the DNR. Some changes may make your property ineligible for credit.

## How to claim the credit

Complete the enclosed form (MI-1040CR-5) and file it with your MI-1040. Attach a copy of pages 1 and 2 of your U.S. 1040 and copies of U.S. *Schedules C, D, E, F* and U.S. 4797, 4835, 1065, 1120S and K-1s if you needed to complete them for your federal tax return. If you are not required to file a federal return, attach a schedule showing farm income and expenses used to arrive at net income.

**Note:** You must attach copies of the federal schedules that show the income and expense of the farming operation regardless of what kind of entity reports them, (e.g. S corporation, trust or partnership). You must also include the following:

1. A copy of your 1999 property tax statement(s) that shows the taxable value, the property taxes levied and the corresponding agreement numbers. A 1999 MI-1040CR with a completed schedule of household income even if you are not claiming a credit (see line 8 instructions on page 6).
2. A copy of the receipt showing that your 1998 or 1999 property taxes were paid. If your property taxes have not been paid or you do not attach your receipt(s), Treasury will mail you a check made jointly payable to you and the county treasurer for the county where the property is located. (A new check payable only to you will not be issued if you later prove that the taxes

have been paid.)

If a claimant falsely specifies that the receipt showing payment of the property taxes is attached to the return and the property taxes are not paid before the return is filed, all future payments of credits to the claimant will be made payable jointly with the county treasurer of the county in which the property under agreement is located (Section 36109 (7)).

3. If your property tax statement includes property that is not covered under an FDRA, you must show what portion of your total acreage and property tax is for land enrolled in the FDRA. **Your local equalization officer or your local assessor must give you this information on official letterhead, if it is not detailed on your property tax bills.**
4. If you farmed under a partnership, include a copy of your U.S. 1065 and *Schedules K* and *K-1*.
5. If you farmed under an S corporation, include U.S. 1120S and *Schedules K* and *K-1*.
6. Joint ownerships must include a statement signed by all owners specifying each owner's percentage of income and expenses. If the statement signed by all partners is not attached, the taxes will be prorated equally among the owners.

## When to claim a new agreement

New agreements must be approved by your local government by November 1, 1999 for you to claim a 1999 credit for that agreement. The new FDRA is not final until you receive a copy from the DNR that has been recorded at the Register of Deeds. Credit for the new FDRA will not be allowed unless a copy of the recorded agreement is attached to your return. If you do not get your copy before April 17, 2000, file your return without claiming credit for the new agreement. File an MI-1040CR-5 with an *Amended Michigan Income Tax Return* (form MI-1040X) when you receive the new FDRA.

## Which form to file

You may file one of two forms depending on the type of farm ownership.

The following should file using form MI-1040CR-5 with their income tax return:

- Individuals who own a farm independently.
- An individual in possession under a life estate with remainder to another person.
- Representatives of deceased single persons. Include property taxes and income from January 1 to the date of death.
- Partnerships.
- Joint owners.
- Limited liability companies.

- S corporation shareholders, **except** shareholders of S corporations that had an FDRA before January 1, 1989 and in 1991 elected to file under the Single Business Tax Act on form C-8022.
- Grantor trusts (if you are treated as an owner under IRS Code, Sections 671 to 679).
- Trusts created by the death of a spouse if the trust requires 100 percent of the income from the trust to be distributed each year to the surviving spouse.  
The following should file using form C-8022:
- Estates. Include property taxes from the date of death and farm income required to be reported on your U.S. 1041.
- Corporations (other than S corporations).
- S corporations that had an FDRA before January 1, 1989 and in 1991 elected to file form C-8022.
- Trusts, except as noted above.

### What to do with a jointly payable check

Take the check, check stub and a copy of your FDRA(s) to your county treasurer(s). He or she will ask you to endorse the check, then use the refund to pay any delinquent taxes. Any amount left will be refunded to you.

### Property taxes that can be claimed for credit

The property taxes levied in 1999 on enrolled land can be claimed for the 1999 credit, regardless of when they are paid. Special assessments (those not based on state equalized or taxable value), penalties and interest cannot be claimed.

Taxes on land not eligible for either the homestead or agricultural exemption most likely are not eligible for P.A. 116 credit. The exception is rental property where the tenant spends at least 1,040 hours per year participating in the farming operation. To compute the taxes that can be claimed for credit, exclude the school operating tax, and multiply the balance by the percentage of exemption allowed by the local taxing authority.

Example:

Taxes levied .....	\$2,000	
School operating tax .....	\$350	
Homestead exemption.....	60%	
\$2,000	\$1,650	
- 350	x 60%	
\$1,650	\$990 can be claimed for credit	

If you have entered into more than one agreement with the DNR, the sum of the taxes under each agreement is used to compute your credit. The amount of credit you will receive is based on household income. Taxes levied on rental property cannot be claimed for credit unless the tenant is involved in the farm operation.

### How to compute the homestead property tax credit. See examples on page 11.

You must include your total farmland preservation credit amount on your MI-1040CR or your MI-1040CR-2. Enter the amount of credit you received in 1999 on the MI-1040CR, line 19 or MI-1040CR-2, line 18. Or, include the credit in net farm income on MI-1040CR, line 17 or MI-1040CR-2, line 16. Homestead property tax credits are not included in Michigan household income. If you included this amount in your taxable farm income you may subtract it from your household income.

### How will this affect my 1999 taxable farm income?

The portion of your homestead property tax credit that is for farm buildings and land is business related. To determine the portion that is business income, divide the taxable value of your buildings and land by the total taxable value of your property, then multiply by the credit (see below). Your local assessor can show you how your total taxable value was determined.

taxable value of buildings and farmland		1998 homestead property tax credit amount
-----	x	
Total taxable value		
	=	Portion of homestead property tax credit that is business income.

You must include your 1998 farmland preservation tax credit amount and the business portion of your 1998 homestead property tax credit in your 1999 federal adjusted gross income. If you own your property as an individual, but the farming activity is operated under a partnership, report the farmland credit on your personal return.

Was your 1998 tax refund (MI-1040, line 37) greater than the amount of your 1998 farmland preservation credit (MI-1040, line 30) plus the business portion of your homestead property tax credit?

If yes, you may subtract on line 16 of the *MI-1040 Schedule 1* the excess refund amount that you received in 1999 to the extent it was included in federal adjusted gross income.

### Land owned by a person under a life estate

A person in possession for life under a life estate with remainder interest to another person may claim all the property taxes to compute the credit. However, the life estate holder and the person(s) holding the remainder interest may choose to divide the property taxes in the same manner as they divide revenue and expenses. A written agreement must be attached to each return.



### **Land owned by a partnership**

Property taxes on land owned by a partnership are allocated to the partners based on the partner's percent of income or ownership. All partners must use the same basis for filing.

If the partnership files a U.S. *1065*, the percent is on each partner's *Schedule K-1*. If the partnership is not required to file a U.S. *1065*, the percentage of income is on the partnership agreement or on a statement signed by all the partners. If no U.S. *1065* is required, use Part 4 to show percentage of income or ownership.

### **Farmland owned with someone other than a spouse**

Taxes on land owned jointly are allocated to each owner. If co-owners divide each item of revenue and expenses and choose to allocate the property taxes that same way, they may do so only if they attach a copy of a statement signed by each owner. The statement must show each owner's share of the revenues and expenses. This requirement can be met by completing Part 4 of the MI-1040CR-5. If a signed income distribution statement is not attached, the taxes must be allocated equally among the owners, with two exceptions:

1. A husband and wife are considered one owner; and
2. An owner eligible to be claimed as a dependent by another owner cannot receive a share of the taxes and cannot claim a credit for that farmland.

### **Land owned by a limited liability company**

Property taxes on land owned by a limited liability company are allocated to each member in a percentage equal to the member's share of ownership or distributive share of ordinary income as reported by the limited liability company to the IRS.

### **Land owned by an S corporation or trust**

Beginning with credits for 1988, taxes on land owned by an S corporation are allocated to each shareholder based on the shareholder's share of the corporation's stock. This percentage is on U.S. *1120S, Schedule K-1*.

**Exception:** If the S corporation had an FDRA before 1989 but in 1991 elected to file under the Single Business Tax Act on form C-8022, the S corporation must continue to file under the SBT. If the FDRA was not in the

S corporation's name before January 1, 1989, the taxes on land covered by this agreement must be claimed on the shareholder's Michigan income tax using form

MI-1040CR-5. These taxes must be claimed by the shareholders even if the S corporation elected to file form C-8022 for other agreements that the S corporation entered into before January 1, 1989.

For farmland owned by a grantor trust, if you are treated as the owner of that trust under IRC sections 671 - 679, you must include a copy of that portion of the trust agreement that shows that you are the owner of a grantor trust holding title to the farmland.

If the trust was created by the death of a spouse and requires 100 percent of the income to be distributed to the surviving spouse, you must attach a copy of the U.S. *1041* form and *Schedule K-1*, if required.

### **I purchased a farm in 1999 that was already enrolled in the farmland program. How do I claim a credit?**

Your farmland credit will be processed only if there is a farmland agreement on file with the DNR IN THE SAME NAME AS YOUR DEED. You must prorate the 1999 taxes for the period you owned the land and claim your credit based only on those taxes.

### **I filed for bankruptcy**

If you are enrolled in the Farmland and Open Space Preservation Act program and have petitioned for bankruptcy (under U.S. Bankruptcy Code chapters 7, 11, 12 or 13), claim your credit on form MI-1040CR-5 and attach it to your Michigan income tax return.

You must prorate your credit for the part of the year ending when the petition in bankruptcy was filed. The trustee in bankruptcy or the landowner as Debtor in Possession may file a claim for the portion of the year following the date of petition. Bankruptcy estates are also required to file a fiduciary return (MI-1041).

### **To transfer an agreement**

To transfer an agreement, you must show that all of the land described under the agreement has been conveyed. The Department of Natural Resources will need a copy of the legal document (e.g., deed, land contract, etc.) used for conveyance and the new owner's name, address, Social Security number, and a fee of \$25.00 per transfer.

For more information on P.A. 116 contact:

Farmland and Open Space Preservation  
Real Estate Division, Acquisition Section  
Michigan Department of Natural Resources  
P.O. Box 30449  
Lansing, Michigan 48909

## LINE-BY-LINE INSTRUCTIONS

*Lines not listed are explained on the form.*

**PART 2, Column A:** Enter the farmland preservation agreement number assigned by the Department of Natural Resources. If a contract has a Part A, B or C, etc., each part is an individual agreement and must be listed separately. If an agreement has been extended, be sure to use the new agreement number. Attach a copy of each 1999 tax statement that corresponds to the agreement number listed. Indicate the agreement number on each tax statement submitted.

**Column B:** For each agreement, check the "Yes" box if you attached paid tax receipts for 1998 or 1999. If paid receipts are not attached, check the "No" box. If you do not check a box, your Farmland Preservation Credit will be issued jointly to you and the treasurer for the county where the property is located.

**Note:** 1999 property tax statements must be attached regardless of which box is checked in column B.

**Column C:** Enter 'I' if you are the individual owner or co-own the land with your spouse, 'J' if you are a joint owner with someone other than your spouse, 'P' if the land is owned by a partnership, or 'S' if the land is owned by an S corporation.

**Column D:** If the land is owned by you and someone other than your spouse, enter your percent of income from the signed statement or your percent of ownership based on the number of owners. If the land is owned by a partnership, enter your percent of income or ownership. All partners must use the same basis for filing. If the land is owned by an S corporation, enter your percent of stock ownership.

**Column E: Individuals** enter the taxes from each tax statement for the portion of land enrolled under an agreement. **Joint owners, partners, and shareholders** enter only their allocated share of taxes from each tax statement for the portion of land enrolled under an agreement.

**Note:** If the property tax statement includes taxes for land not covered by an FDRA, the taxes reported in column E must be reduced accordingly. The amount of taxes that cannot be claimed must be determined by the local assessor's office and submitted on his or her official letterhead. The 1 percent collection fee may be included. Do not include penalties, interest or special assessments.

**Column F:** After entering the tax amounts for each agreement, add the amounts entered in column E for each agreement and enter the total in column F.

**Go to line 4.** You will complete columns G and H later.

**Line 5:** If all of the taxes which qualify for a homestead property tax credit are included in the total on line 4, column F, check the "Yes" box. Otherwise, check the "No" box.

**Line 6:** If you answered "Yes" to line 5, enter "NONE." If you answered "No" to line 5, enter the taxes on your home and farmland that qualify for a homestead property tax credit but are not included in your FDRA.

**Line 7:** Add the total of line 4, column F, to line 6. If you wrote "NONE" on line 6, carry the total on line 4, column F, to line 7.

**PART 3:** Before completing Part 3, read, "How to compute the homestead property tax credit" on page 4.

**Line 8:** Enter your total household income from your MI-1040CR or MI-1040CR-2. If you are a part-year or nonresident, include total 1999 household income, regardless of source.

**Line 9:** Enter the depletion allowance claimed on your federal income tax return. If you are not entitled to a depletion allowance, enter "NONE."

**Line 11:** Enter amount of property tax from line 4, column F. This line **MUST BE COMPLETED**.

**Line 15:** If line 15 is less than line 7, enter the amount from line 13 on line 33 of your MI-1040. If line 15 is greater than line 7, complete lines 16 through 18. See Examples 1 and 2 on page 11.

Complete columns G and H only if you have entered into more than one agreement.

**PART 2, Column H:** Multiply line 13 or 18, whichever applies, by the percentage computed in column G for each agreement and enter in column H.

**PART 4:** If you own farmland jointly with someone other than your spouse, complete Part 4, columns A through E. Column F must be signed by all joint owners. For each agreement, enter the information for each owner.

Partners may use this part to show percentage of income or ownership if no U.S. 1065 was required. All partners must sign in column F.

# MI-1040CR-5 MICHIGAN Farmland Preservation Tax Credit Claim

Issued under the authority of the Income Tax of 1967. Filing is voluntary.

# 1999 CR-5

Read all instructions as you complete this form. Please type or print.

Attachment Sequence No. 04

## PART 1 IDENTIFICATION

▶ 1. Filer's First Name, Middle Initial and Last Name			▶ 2. Filer's Social Security No.		
If a Joint Return, Spouse's First Name, Middle Initial and Last Name			▶ 3. Spouse's Social Security No.		
Address (No., Street, P.O. Box or Rural Route)			Office Use		
City or Town			State	ZIP Code	

## PART 2 SCHEDULE OF TAXES AND ALLOCATION TO EACH AGREEMENT

Complete columns A thru F and lines 4 thru 18. Complete columns G and H if you have more than one agreement.

Column A	Column B	Col. C	Col. D	Column E	Column F	Column G	Column H
Agreement Number	1998 or 1999 Paid Tax Receipts Attached	See Instructions		Record Amount of Tax per Instructions, page 6	Total Tax for Each Agreement	Divide Each Amount in Col. F by Total on Line 4, Col. F	Allocated Tax Credit Multiply Line 13 or 18 by Percent Computed in Column G
		Type of Ownership	Percent of Income or Ownership				
	YES NO <input type="checkbox"/> <input type="checkbox"/>		%			%	
	<input type="checkbox"/> <input type="checkbox"/>		%			%	
	<input type="checkbox"/> <input type="checkbox"/>		%			%	
	<input type="checkbox"/> <input type="checkbox"/>		%			%	
	<input type="checkbox"/> <input type="checkbox"/>		%			%	
4. Total Columns E, F, G & H						%	

5. Are all of the taxes that qualify for a homestead property tax credit included in the total on line 4, Column F? ☐ Yes ☐ No

6. If no, enter the taxes on your home and farmland that qualify for a property tax credit but are not under a farmland preservation agreement.....6. .00

7. Add the total of line 4, column F to line 6..... ▶ 7. .00

## PART 3 COMPUTATION OF CREDIT

8. Household income from MI-1040CR, line 30 or CR-2, line 29.....	8. .00
9. Depletion allowance claimed on your federal return.....	9. .00
10. Total. Add lines 8 and 9.....	10. .00
11. Total taxes on land covered by Farmland Developmental Rights Agreement, from Part 2, line 4, column F.....	11. .00
12. Taxes not eligible for credit. Multiply line 10 by 7% (.07).....	12. .00
13. Subtract line 12 from line 11.....	13. .00
14. Enter your Homestead Property Tax Credit from MI-1040CR.....	14. .00
15. Total Property Tax Credits (add lines 13 and 14).....	15. .00

IF LINE 15 IS LESS THAN LINE 7, ENTER THE AMOUNT FROM LINE 13 ON LINE 33 OF YOUR MI-1040 AND STOP HERE.

16. If line 15 is greater than line 7, enter the amount from line 7.....	16. .00
17. Enter the amount from line 14.....	17. .00
18. Subtract line 17 from line 16. Enter here and on line 33 of your MI-1040..... ▶ 18.	.00

Complete only if you are a joint owner with someone other than your spouse.

Part 4 **must** be signed by all joint owners.

<b>PART 4 SIGNED DISTRIBUTION STATEMENT FOR JOINT OWNERS</b>					
Column A	Column B	Column C	Column D	Column E	Column F
Agreement Number	Partner's or Joint Owner's Name	Partner's or Joint Owner's Social Security Number	Partner's or Joint Owner's Percentage of Income	Partner's or Joint Owner's Percentage of Ownership	Signatures are required of all partners or joint owners other than your spouse.

***This schedule must be attached to your MI-1040 and mailed to:***

***FARMLAND PRESERVATION UNIT  
Michigan Department of Treasury  
P.O. Box 30058  
Lansing, Michigan 48909***

Call 1-800-487-7000 if you have any questions.

**Deaf, hearing or speech impaired persons** call 517-373-9419 (TTY).

Please assemble your return and attachments in the following order, beginning on top:

- Yellow notice from back page of the MI-1040CR-5 booklet. (If you do not have a booklet, attach a small sheet of yellow paper and write "Farmland Preservation Tax Credit" on it.)
- *Michigan Income Tax Return* (form MI-1040).
- *Michigan MI-1040 Additions and Subtractions* (form MI-1040 Schedule1).
- *Direct Deposit of Refund* (form 3174).
- *Nonresident and Part-Year Resident Schedule* (Schedule NR).
- *Farmland Preservation Tax Credit Claim* (form MI-1040CR-5).
- A completed *Homestead Property Tax Credit Claim* (form MI-1040CR or MI-1040CR-2), even if you are not claiming a credit.
- *College Tuition and Fees Credit* (Schedule CT).
- A copy of any recorded Farmland Development Rights Agreement (FDRA) not claimed on your previous year's return.
- A copy of your 1999 property tax statements that show the taxable value, the property taxes levied by millage rate and the corresponding agreement numbers.
- An official allocation of your tax statement amount between property subject to an FDRA and property not covered by an FDRA.
- A copy of your receipt showing payment of your 1998 or 1999 property taxes.
- A copy of page 1 and 2 of your 1999 U.S. 1040. (If you are not required to file a federal return, attach a schedule showing farm income and expenses used to arrive at net income.)
- Copies of federal schedules and forms which reflect adjustments to gross income (*Schedules C, D, E and F*, and U.S. 4797 and 4835).
- Your *Application for Net Operating Loss Refund* (form MI-1045), if you have reduced your household income by an operating loss or carryover.
- Partnerships must attach U.S. 1065 and *Schedule K-1*. S corporation shareholders must attach U.S. 1120S and *Schedule K-1*.
- Joint owners must attach a statement signed by all owners specifying each owner's percent of income and expenses, or complete Part 4 of the MI-1040CR-5.

**Please attach the yellow special notice to the front of your MI-1040.**



# MI-1040CR-5 MICHIGAN Farmland Preservation Tax Credit Claim

Issued under the authority of the Income Tax of 1967. Filing is voluntary.

# 1999 CR-5

Read all instructions as you complete this form. Please type or print.

Attachment Sequence No. 04

## PART 1 IDENTIFICATION

▶ 1. Filer's First Name, Middle Initial and Last Name			▶ 2. Filer's Social Security No.		
If a Joint Return, Spouse's First Name, Middle Initial and Last Name			▶ 3. Spouse's Social Security No.		
Address (No., Street, P.O. Box or Rural Route)			Office Use		
City or Town			State	ZIP Code	

## PART 2 SCHEDULE OF TAXES AND ALLOCATION TO EACH AGREEMENT

Complete columns A thru F and lines 4 thru 18. Complete columns G and H if you have more than one agreement.

Column A	Column B	Col. C	Col. D	Column E	Column F	Column G	Column H
Agreement Number	1998 or 1999 Paid Tax Receipts Attached	See Instructions		Record Amount of Tax per Instructions, page 6	Total Tax for Each Agreement	Divide Each Amount in Col. F by Total on Line 4, Col. F	Allocated Tax Credit Multiply Line 13 or 18 by Percent Computed in Column G
		Type of Ownership	Percent of Income or Ownership				
	YES NO <input type="checkbox"/> <input type="checkbox"/>		%			%	
	<input type="checkbox"/> <input type="checkbox"/>		%			%	
	<input type="checkbox"/> <input type="checkbox"/>		%			%	
	<input type="checkbox"/> <input type="checkbox"/>		%			%	
	<input type="checkbox"/> <input type="checkbox"/>		%			%	
4. Total Columns E, F, G & H						%	

5. Are all of the taxes that qualify for a homestead property tax credit included in the total on line 4, Column F? ☐ Yes ☐ No

6. If no, enter the taxes on your home and farmland that qualify for a property tax credit but are not under a farmland preservation agreement.....6. \_\_\_\_\_ .00

7. Add the total of line 4, column F to line 6..... ▶ 7. \_\_\_\_\_ .00

## PART 3 COMPUTATION OF CREDIT

8. Household income from MI-1040CR, line 30 or CR-2, line 29.....	8. _____ .00
9. Depletion allowance claimed on your federal return.....	9. _____ .00
10. Total. Add lines 8 and 9.....	10. _____ .00
11. Total taxes on land covered by Farmland Developmental Rights Agreement, from Part 2, line 4, column F.....	11. _____ .00
12. Taxes not eligible for credit. Multiply line 10 by 7% (.07).....	12. _____ .00
13. Subtract line 12 from line 11.....	13. _____ .00
14. Enter your Homestead Property Tax Credit from MI-1040CR.....	14. _____ .00
15. Total Property Tax Credits (add lines 13 and 14).....	15. _____ .00

IF LINE 15 IS LESS THAN LINE 7, ENTER THE AMOUNT FROM LINE 13 ON LINE 33 OF YOUR MI-1040 AND STOP HERE.

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17. Enter the amount from line 14.....	17. _____ .00
18. Subtract line 17 from line 16. Enter here and on line 33 of your MI-1040..... ▶ 18.	_____ .00

Complete only if you are a joint owner with someone other than your spouse.

Part 4 **must** be signed by all joint owners.

<b>PART 4 SIGNED DISTRIBUTION STATEMENT FOR JOINT OWNERS</b>					
Column A	Column B	Column C	Column D	Column E	Column F
Agreement Number	Partner's or Joint Owner's Name	Partner's or Joint Owner's Social Security Number	Partner's or Joint Owner's Percentage of Income	Partner's or Joint Owner's Percentage of Ownership	Signatures are required of all partners or joint owners other than your spouse.

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Please assemble your return and attachments in the following order, beginning on top:

- Yellow notice from back page of the MI-1040CR-5 booklet. (If you do not have a booklet, attach a small sheet of yellow paper and write "Farmland Preservation Tax Credit" on it.)
- *Michigan Income Tax Return* (form MI-1040).
- *Michigan MI-1040 Additions and Subtractions* (form MI-1040 Schedule1).
- *Direct Deposit of Refund* (form 3174).
- *Nonresident and Part-Year Resident Schedule* (Schedule NR).
- *Farmland Preservation Tax Credit Claim* (form MI-1040CR-5).
- A completed *Homestead Property Tax Credit Claim* (form MI-1040CR or MI-1040CR-2), even if you are not claiming a credit.
- *College Tuition and Fees Credit* (Schedule CT).
- A copy of any recorded Farmland Development Rights Agreement (FDRA) not claimed on your previous year's return.
- A copy of your 1999 property tax statements that show the taxable value, the property taxes levied by millage rate and the corresponding agreement numbers.
- An official allocation of your tax statement amount between property subject to an FDRA and property not covered by an FDRA.
- A copy of your receipt showing payment of your 1998 or 1999 property taxes.
- A copy of page 1 and 2 of your 1999 U.S. 1040. (If you are not required to file a federal return, attach a schedule showing farm income and expenses used to arrive at net income.)
- Copies of federal schedules and forms which reflect adjustments to gross income (*Schedules C, D, E and F*, and U.S. 4797 and 4835).
- Your *Application for Net Operating Loss Refund* (form MI-1045), if you have reduced your household income by an operating loss or carryover.
- Partnerships must attach U.S. 1065 and *Schedule K-1*. S corporation shareholders must attach U.S. 1120S and *Schedule K-1*.
- Joint owners must attach a statement signed by all owners specifying each owner's percent of income and expenses, or complete Part 4 of the MI-1040CR-5.

**Please attach the yellow special notice to the front of your MI-1040.**

### EXAMPLE #1

Mr. A, a senior citizen.

#### 1999 MI-1040CR

##### Homestead Property Tax Credit Claim

Interest Income .....	\$ 9,000	
Social Security .....	3,000	
Farmland Credit .....	+ 1,000	
Total Household Income .....		\$13,000
Property Taxes .....	\$ 1,600	
Not Refundable (3.5% of \$13,000) .....	- 455	
Credit .....		\$ 1,145

#### 1999 MI-1040CR-5

##### Farmland Preservation Tax Credit Claim

Farm Property Taxes .....	\$ 1,600	
Less 7% of Household Income (\$13,000 x .07) ..	- 910	
Farmland Preservation Credit (if not greater than total taxes) .....	690	
Homestead Property Tax Credit .....	+ 1,145	
Total Credits .....		\$ 1,835
Total Taxes .....	\$ 1,600	
Less Homestead Property Tax Credit .....	- 1,145	
Balance = Farmland Preservation Credit (Total credits cannot exceed taxes levied) .....		\$ 455

### EXAMPLE #2

Ms. B. reports farm income on *Schedule F* which includes her previous year's farmland preservation tax credit and the business portion of her homestead property tax credit.

Wages .....	\$ 2,000	
<i>Schedule F</i> Income .....	+ 10,000	
Subtotal .....		12,000
Business portion of 1998 Homestead Property Tax Credit .....	- 600	
Total Household Income .....		\$11,400

#### 1999 MI-1040CR

##### Homestead Property Tax Credit Claim

1999 Property Taxes .....	\$ 2,500	
Not Refundable (3.5% of \$11,400) .....	- 399	
Balance .....		\$ 2,101
Homestead Property Tax Credit Claim (60% of \$2,101, but maximum is \$1,200.) .....		\$ 1,200

#### 1999 MI-1040CR-5

##### Farmland Preservation Tax Credit Claim

Taxes .....	\$ 2,500	
Not Refundable (7% of \$11,400) .....	- 798	
Balance .....		\$ 1,702
Total Taxes .....	\$ 2,500	
Less Homestead Property Tax Credit .....	- 1,200	
Balance = Farmland Preservation Credit (Total credits cannot exceed taxes levied) .....		\$ 1,300

**To prevent unnecessary delays in processing, make sure the Farmland Development Rights Agreement(s), the deed to the property and the property tax statements are all in the same name.**

**Attach this notice to the front of your return.**

## Treasury Field Offices

The Treasury field offices do not prepare tax returns. If you need help, please call the Lansing office.  
Forms are available at all Treasury field offices.

### Main Office:

**LANSING, 48922**  
Treasury Building  
430 W. Allegan St.  
1-800-827-4000 (refunds)  
1-800-487-7000 (information)

### Other Offices:

**DETROIT, 48226**  
State of Michigan Plaza Building  
1200 6th St., 2nd Floor, N. Tower

**ESCANABA, 49829**  
State Office Building, Room 7  
305 Ludington St.  
(open 8 - 12 only)

**FLINT, 48502**  
State Office Building, 7th Floor  
125 E. Union St.  
(closed 12 - 1)

**GRAND RAPIDS, 49503**  
State Office Building, 3rd Floor  
350 Ottawa St., NW

**KALAMAZOO, 49005-0286**  
535 S. Burdick St., Ste. 197  
(closed 12 - 1)

**SAGINAW, 48607**  
State Office Building, 4th Floor  
411-I E. Genesee St.  
(open 8 - 12 only)

**STERLING HEIGHTS, 48314**  
41300 Dequindre, Suite 200

**TRAVERSE CITY, 49684**  
701 S. Elmwood Ave., Box 14  
(open 8 - 12 only)



----- DETACH HERE -----

## ATTACH THIS SPECIAL NOTICE TO YOUR STATE INCOME TAX RETURN FARMLAND PRESERVATION TAX CREDIT

To ensure proper handling of your return, attach this notice to the front of your MI-1040. You must include your 1999 tax bills with corresponding agreement numbers listed on each bill, copies of **paid receipts** for your 1998 or 1999 property taxes, federal returns and all supporting schedules. Mail to:

Farmland Preservation Unit  
Michigan Department of Treasury  
P.O. Box 30058  
Lansing, Michigan 48909